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DEPARTMENT OF STATE

MEMORANDUM OF CONVERSATION

Date: January 12, 1966

SUBJECT : Press Articles on Israeli Missile Acquisition and Financing of Israeli Desalting Project.

PARTICIPANTS: His Excellency Dr. Mostafa Kamel, Ambassador of the U.A.R.

NEA/NE - H. Earle Russell, Jr.

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Ambassador Kamel expressed concern about recent New York Times articles by John Finney concerning 1) acquisition by Israel of French missiles and 2) U.S. agreement to finance the $200 million Israeli nuclear desalting project. The articles were disturbing to the Arab countries and to the Arab diplomatic corp in Washington. Already an Arab Ambassador had solicited the U.A.R. reaction.

Ambassador Kamel said that high French officials in Washington had spread the rumor that the articles represented a mischievous effort by the U.S. to create a rift between France and the Arab countries with which it was seeking to improve its relations. Finney, the French alleged, was close to the Department and his articles reflected official views.

The Ambassador said the articles were clearly inspired with several possible objectives:

1. to please returning members of Congress who were concerned with the security of Israel;

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2. to create trouble between the U.S. and the U.A.R. and other Arab states;

3. to stimulate pressure for a viable system of nuclear non-proliferation in the Near East;

4. to follow up on a proposal by Shepilov for devising means to control the Near East arms race.

Ambassador Kamel wondered about the timing of the articles following the conclusion of the new PL-480 agreement with the U.A.R. The story on supply of French missiles to Israel had appeared out of the blue, closely followed by the story on Israel's efforts to obtain U.S. financing for its nuclear desalting project. The conjunction of these stories with Israel's request for permission to purchase surplus agricultural commodities under PL-480 raised questions because such an agreement would free Israeli foreign exchange for use in arms purchases. All these matters were well known to the Arabs and were better left unmentioned in public. The inescapable conclusion was that Israel was making atomic bombs with French help and the blessing of the United States. It was time to do something about Israeli development of atomic weapons. If confronted with Israeli acquisition of nuclear weapons, the Arabs could be expected to launch a pre-emptive attack even at the risk of precipitating a world war. Moreover, the Arabs would be forced to seek Soviet help in obtaining counter weapons.

The Ambassador concluded that he expected no comment at this time but hoped for a clear statement of the official U.S. position on these subjects.

Mr. Russell agreed to look into the matter and made the following preliminary personal comments:

1. The U.S. opposes nuclear and missile proliferation on a global basis as well as in the Near East. Given this long-standing policy the U.S. under no circumstances could condone or encourage in any way the acquisition of missiles by Israel from France.

2. John Finney, as former Science Editor of the New York Times, had a broad knowledge of the issues raised in his articles. Through his many contacts in Washington he had been able no doubt to glean many bits of information here and there which enabled him to create a cohesive and logical picture. His conclusions, however, were his own and did not represent U.S. official thinking.

3. The thesis that PL-480 sales to Israel freed foreign exchange for arms purchases was the same argument used against the U.A.R. by opponents

of the recently signed PL-480 agreement who claimed such sales freed U.A.R. foreign exchange for use in purchasing weaponry from the Soviet Union.

4. In July, 1964 the U.S. had agreed to undertake a joint study of a possible nuclear desalting program in Israel. Cooperation in this field had produced a joint engineering feasibility and economic study which must be reviewed by both Israel and the United States prior to any decisions on financing. To date no discussions of financing had occurred.